

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3503 – SB 3680

April 6, 2010

SUMMARY OF AMENDMENT (016505): Deletes all language after the enacting clause of the original bill. Eliminates the requirement that the Tennessee Board of Regents establish a policy requiring system and individual institution presidents and chancellors make quarterly reports of expenditures made by, at the direction of, or for the benefit of the president or chancellor. These reports will now be made annually. Requires the University of Tennessee (UT) and the Tennessee Board of Regents (TBR) perform risk-based internal financial audits of at least 30 percent of the offices of the respective system chancellors and offices of the institutional presidents of the individual campuses of the respective systems. These audits shall be reviewed by the Board of Trustees and the Comptroller of the Treasury. Audits shall be performed annually and furnished to the system governing body and the Comptroller of the Treasury by December 1 following the close of each fiscal year.

Acknowledges the Municipal Technical Advisory Service (MTAS), the Law Enforcement Innovation Center (LEIC), and the Naifeh Center for Effective Leadership as part of the University of Tennessee's Institute for Public Service (IPS) and defines how each entity should operate.

Requires that any proceeds from the sale or liquidation of gifts, properties, holdings, mineral rights, or other assets of value from the University of Tennessee's (UT) Institute of Agriculture shall remain within the Institute's budget to be at the discretion of the Institute's chief officer. Prohibits proceeds from the sale of such properties used for research, demonstration or youth programs be used to fund the general operations of the university.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Expenditures – Not Significant

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

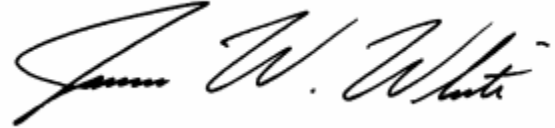
Unchanged from the original fiscal note.

Assumptions applied to amendments:

- Currently audits are performed annually on the office of each system chancellor and the chief executive officers of the institutions comprising the respective systems and submitted to each system's board of trustees and the Comptroller of the Treasury by October 1 following the close of each fiscal year. Any decrease in state expenditures as a result of performing and reviewing fewer audits is estimated to be not significant.
- No fiscal impact on TBR or UT to acknowledge MTAS, LEIC, and the Naifeh Center for Effective Leadership as part of IPS and define their operations.
- TBR president and chancellor expenditure reports are currently made quarterly. Any decrease in state expenditures as a result of generating fewer reports is estimated to be not significant.
- According to UT, there will be no fiscal impact to keep the Institute of Agriculture's proceeds within the Institute's budget.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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